



www.corby.com Business Reference Guide
Corby, Alberta
1000 - 10th Street Building
Calgary, Alberta T2G 2R6





CORBY, the Spirit Maker, is Canada's leading manufacturer and marketer of spirits

and importer of wines. Corby's national leadership is sustained by our Portfolio of Excellence, the owned and represented brands that have built equity in the marketplace and deliver value for customers and shareholders.

Corby has been building brand value since 1859 and will continue to do so well into the 21st century.

financial highlights

(For the years ended August 31 (in thousands of dollars, except share and ratio amounts)

	2002	2001
Results		
Gross operating revenue	\$ 101,785	\$ 101,209
Earnings from operations	30,692	32,898
Earnings before income taxes	32,875	36,957
Net earnings	25,134	28,540
Cash flows from operating activities	25,430	24,430
Financial position at balance sheet date		
Working capital	\$ 60,680	\$ 58,217
Total assets	259,223	254,798
Long-term debt	8,000	18,000
Shareholders' equity	86,476	72,946
Per common share		
Net earnings	3.57	4.06
Dividends declared and paid	2.00	2.00
Shareholders' equity	12.24	10.37
Financial ratios		
Working capital	6.8	7.1
Debt/equity	0.2	0.2
Return on average shareholders' equity	% 31.5	% 43.8
Pre-tax return on average capital employed	% 34.8	% 40.4

Krystyna T. Hoeg, CA

President &
Chief Executive Officer



Introduction

Reflecting on the year past, it has been marked by world-wide shock from the New York tragedy, high profile business failures, world equity market down-drafts and challenging corporate governance issues, to name a few. Closer to home, the commercial market situation for Corby has been characterized by new competitive realities and opportunities.

With the rest of our industry, Corby saw the effects of the tragedy following September 11, 2001. Travel was down, and we saw a decline in bar and restaurant business. Although the national spirit is resilient and we rebounded quickly, the specific challenges of last year do not change the deeper trend that spirit sales in Canada have been essentially flat over several quarters.

During the course of this difficult year, our stated goal at Corby – to be a dynamic, marketing-led company delivering exceptional earnings growth and strong, consistent cash flows – has served us well. In a flat spirits market, we managed to boost our head brand growth by over 2%. We strengthened our corporate balance sheet and reduced our debt load. In addition to soft markets, the Corby bottom line was affected by the Liquor Board of Ontario's decision to take a further two weeks of inventory out of its supply chain. The successful international launch of *Tia Lusso*, a light cream liqueur based on Corby's *Tia Maria* brand also incurred start-up costs that affected profitability.

Our portfolio of excellence

Within this context, we remain encouraged that our lead brands continue to outperform the market. *Polar Ice*, *Wiser's*, and *Canadian Club* performed particularly well given their price increases. Most Canadians are unaware that Canada is the most price sensitive market for spirits in the world. Even so, Corby maintains and continues to grow 10 of the top 25 brands in Canada. Mid-year, the Allied Domecq acquisition of the exciting *Malibu* brand added youthful vibrancy to our portfolio. *Malibu*, a delicious coconut flavoured rum, is already the fourth fastest growing brand in the top 50 in Canada. The focus on *Malibu* creates investment and portfolio synergies that will bring growth for our shareholders.

The ready-to-drink category was exceptionally strong across North America in 2002. Corby positioned itself in that market with two innovative product launches - C.C.&G and *Keg Caesar*. The longer-term direction of this segment is, however, difficult to predict with an already softening demand for certain leading trademark brands. Nevertheless, ready-to-drink product innovation has added much needed excitement and growth to the adult beverage industry.

Our consumers and customers

To ensure our continued focus in an ever-changing marketplace, Corby is analyzing the purchase and consumption motivations of our consumers with increasing precision. As consumers in our industry receive greater attention, our direct customers are responding with their own changes.

The majority of our customers are the Canadian provincial liquor boards. Following Alberta's lead, British Columbia is the latest province to announce privatization. This is emerging as an important trend that will affect spirit sales and distribution in Canada. We are anticipating the demands this trend will place on our business, as liquor boards are likely to follow significantly different paths to privatization.

As a core strategy, we continue to move even closer to our consumers and customers. Our legacy of powerful regional brands, such as *Lamb's Palm Breeze* in Newfoundland and Labrador and *Royal Reserve* in Alberta, our dominance with huge international brands like *Kahlua* and *Beefeater*, and our strong relationships with our customers on a national, regional and local basis will create strong opportunities for us.

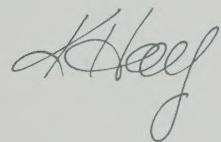
On a global scale, the trend to corporate consolidation is expected to continue in the wine and spirits industry. Through our strong relationship with our majority shareholder Allied Domecq, we will participate in what will be an exciting future. Our efforts continue to position Corby as the best spirits and wine distributor in Canada, identifying, targeting and executing against market opportunities to deliver profitable growth, strong cash flows and consistent returns to our shareholders.

The Corby team of excellence

Along with our Portfolio of Excellence, our employees are Corby's most important asset as we build value for our shareholders. They have my heartfelt admiration and thanks for delivering another profitable year in a difficult business climate.

In a period when questions are being raised about the quality of corporate governance, I am proud of the quality of leadership and counsel provided by Corby's Board of Directors and I am grateful for its members' support. I note especially the tremendous contribution of John Giffen who is retiring from our Board after 22 years of outstanding service. Mr. Giffen is a past Chair of the Board at Corby and has provided critically important leadership over the years on a number of Board committees. Thank you, John.

Corby, the Spirit Maker, continues confidently along a focused path, firm in its commitment to be Canada's best spirits and wine distributor, a powerful player within the industry, and a source of strong, dependable value for its shareholders.



Krystyna T. Hoeg, CA

President and Chief Executive Officer

w h i s k i e s

And, it's Smith now sweeping it across to McCoy
A unique situation out here... four offensive players...

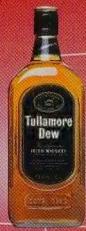
McCoy in the box... four attacking players flooding in toward the box...
Smith tosses to McCoy... understand the situation here...

...Boof!!

Oooowwww!
Oh, he really did give it some willy!...



> Sales of the *Canadian Club* family of rye whiskies were up in 2002, substantially outperforming its category in Canada, and maintaining our position as the #2 Canadian whisky. Enhanced performance and brand recognition for CC were notable among younger consumers, aged 19-35, as well as in Ontario with *CC Reserve*. Corby's state-of-the-art consumer segmentation research will support even greater marketing success with this powerhouse brand as will the promotions spillover from the recent launch of *CC Reserve* in the U.S.



Scapa

Teacher's
Highland Cream

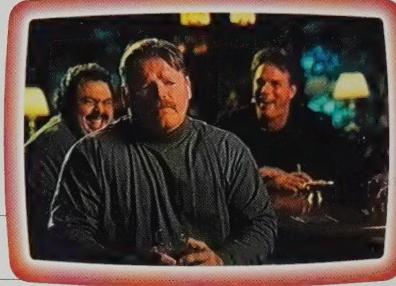
Tullamore Dew



w h i s k i e s

I've learned that when I'm swimming
in the ocean...

and a piece of seaweed touches my foot,
I can sound a lot like a little girl.



Hiram Walker
Special Old



McGuinness
Silk Tassel



Royal Reserve



Wiser's
De Luxe



Wiser's
Special Blend



Wiser's
Very Old

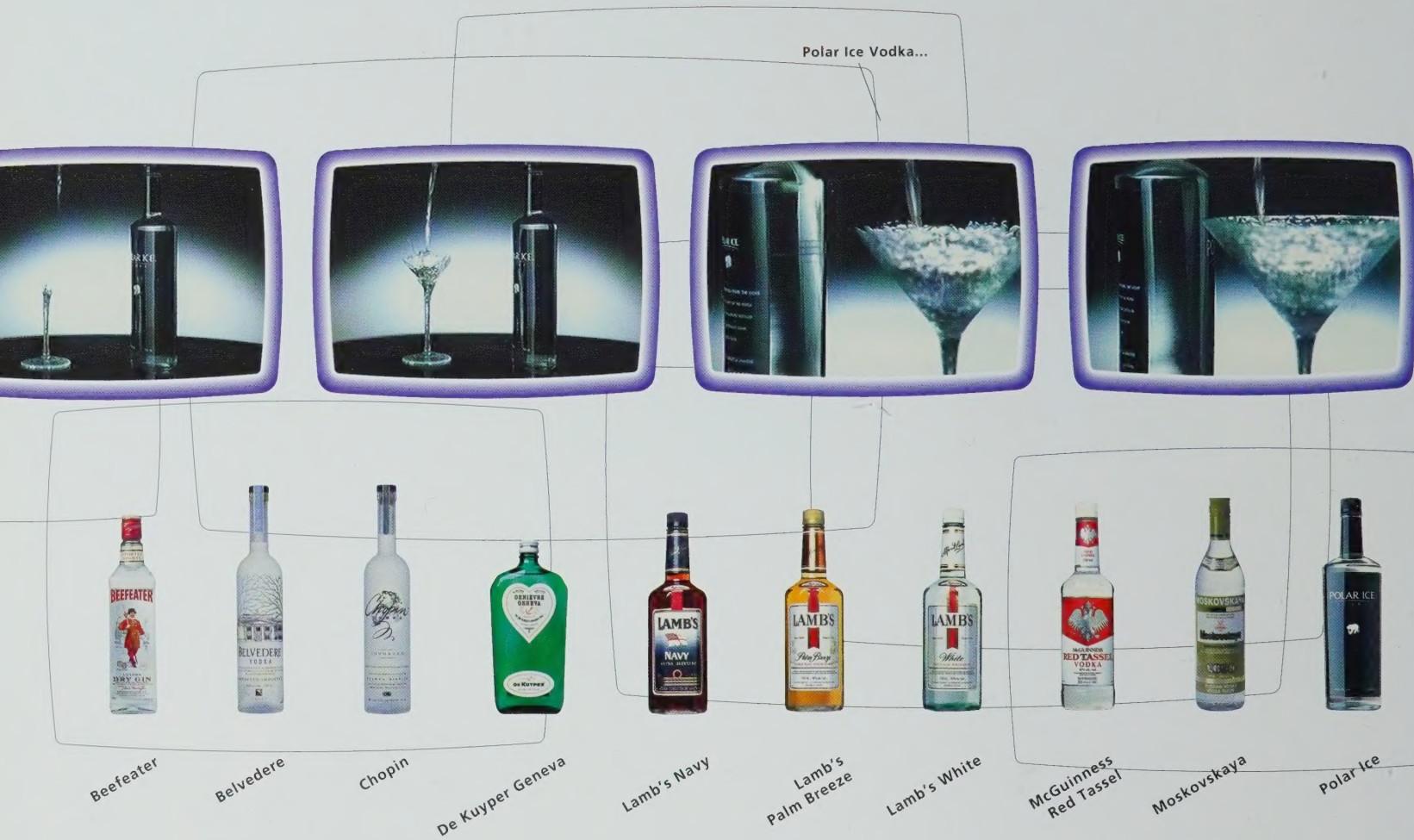


The Wiser's brand of Canadian whiskies continued to drive growth for Corby, with Wiser's Special Blend up more than 7% and Wiser's Deluxe growing 5%. Wiser's continued its advance in the American market as well. Corby dominated the Canadian whisky segment in Canada with CC and Wiser's as well as with regional strength in Royal Reserve and other brands from our Portfolio of Excellence. Corby Scotch whisky sales also outpaced their category, with Ballantine's as Canada's #2 Scotch.

I've also learned about Wiser's... the full flavour whisky.



w h i t e s p i r i t s



Polar Ice continued its remarkable growth in 2002 as the fastest growing brand in the Canadian Top 25 at 11%, matched in growth by Stolichnaya vodka. New packaging and focused advertising and promotions helped drive Polar Ice sales growth both in Canada and in the U.S. Beefeater remained a powerhouse brand for Corby as the #1 gin in Canada. The Lamb's family was the third best-selling rum in Canada with particular depth and dominance in Atlantic Canada.

It's how
you look at it.



Sauza Hornitos
Tequila



Sauza Tequila Blanco



Sauza Tequila
Extra Gold



Stolichnaya



Stolichnaya
Ohrang



Stolichnaya
Razberi



Stolichnaya
Vanil'



liqueurs and eaux de vie



Kahlúa's ongoing strength as the #2 liqueur in Canada reinforced Corby's 36% leading market share in liqueurs. Brandy and cognac sales remained strong. Our delicious new coconut flavoured rum, *Malibu*, created great excitement in 2002, becoming the 4th fastest growing brand in the Canadian Top 50. And Corby's commitment to innovation was demonstrated by the global launch of *Tia Lusso*, a *Tia Maria* based premium cream liqueur.

You've created something new
and refreshing.

Kahlua...
the Primal Spirit.



v i n t a g e s



Corby is a leading importer of fine wines to Canada. Our broad portfolio strength in wines and our prestigious brands, like *Mumm's* and the recently acquired *Sutter Home*, are combined with sales and marketing excellence to create value for our shareholders. Our new premium wine and spirits team is leveraging Corby's presence in licensee and retail sales channels, increasing opportunities for growth in both categories.



Folonari
Soave



Folonari
Valpolicella



Freixenet



Harveys
Bristol Cream



Mumm
Brut



Carte Mumm
Classique



Tarapaca
Sauvignon
Blanc



Cabernet Trinchero
Sauvignon



Trinity Oaks
Chardonnay



management's discussion & analysis

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> Corby Management Team

David Stainton
Legal Counsel

Howard Kirke
Vice President,
International Markets

John Nicodemo
CFO,
Vice President, Finance
& Corporate Secretary

Mike Minchin
Vice President,
Marketing

Andy Alexander
Vice President,
Sales

Overview

The Corporation continues in its successful efforts to build powerful, exciting brands that drive profitable growth with strong, consistent cash flows both in Canada and internationally.

Financial results

Net earnings amounted to \$25.1 million or \$3.57 per share for fiscal 2002 compared with \$28.5 million or \$4.06 per share for fiscal 2001. Earnings per share on a fully diluted basis amounted to \$3.56 for fiscal 2002 compared to \$4.04 for fiscal 2001.

The decrease in net earnings in fiscal 2002 is mainly attributable to a charge of \$1.7 million to cost of sales for the provision of obsolete inventory as well as to a decrease of \$2.9 million in the equity earnings from the investment in the Tia Maria group compared to fiscal 2001. These two factors had a combined effect of reducing the fiscal 2002 net earnings by \$0.56 per share on an after-tax basis.

Total operating revenue, consisting of sales revenue and commission income, amounted to \$101.8 million for fiscal 2002 compared with \$101.2 million for fiscal 2001. The performance of Corby's portfolio of brands at the consumer level is in line with our expectations and with the results of the overall spirits market in Canada.

The Corporation's consolidated gross profit margins on sales of its own brands decreased to 55.2% in fiscal 2002 from 57.8% in fiscal 2001. This was partially a result of cost of sale increases in the form of higher rye whisky and glass bottle costs. Furthermore, included in fiscal 2002 cost of sales is a charge of \$1.7 million for the provision of obsolete inventory at the Corporation's blending and bottling plant in Montreal. Without this charge, gross profit margins would have been 57.2%, which is in line with fiscal 2001.

Marketing, sales and administration expenses in fiscal 2002 amounted to \$32.1 million compared with \$31.1 million for fiscal 2001, an increase of 3%. More specifically, brand advertising and promotion expenditure increased by \$0.5 million compared to fiscal 2001. This is a direct result of the Corporation's decision to increase spending in advertising and promotion behind Wiser's whisky and Polar Ice vodka. As a result, both of these brands are outpacing the spirits' market growth rate as calculated on a consumer depletion basis with Wiser's up +6% and Polar Ice up +11% in fiscal 2002.

Interest expense decreased by \$1.1 million in fiscal 2002 compared to fiscal 2001 as a result of continued reduction in the Corporation's long-term debt, combined with lower cost of borrowings during the year.

The income tax provision for fiscal 2002 amounted to \$7.7 million compared with \$8.4 million for fiscal 2001. The tax provisions reflect effective tax rates of 23% for both fiscal 2002 and 2001, respectively.

Tia Maria group

Equity earnings from the Tia Maria Group decreased by 57% for the fiscal year compared to fiscal 2001 primarily as a result of significant investments in brand equity and the advertising and promotion costs associated with the launch of their new premium cream liqueur brand Tia Lusso.

Total operating revenue of the Tia Maria Group amounted to \$67.4 million for fiscal 2002 compared with \$47.2 million for fiscal 2001, an increase of 43%. Revenue from sales of the Tia Maria brand was up 24%, which was primarily due to 20% volume growth of the brand in the United Kingdom and Spain. Fiscal 2002 operating revenue also includes sales of Tia Lusso of \$7.6 million for the period beginning with the launch of the brand in May 2002 in the United Kingdom, Spain, Italy, Benelux, Greece and European Duty Free markets. The performance of Tia Lusso for the period from launch to the end of fiscal 2002 is on track to original plan.

Total advertising and promotion expenses in fiscal 2002 amounted to \$39.8 million compared with \$17.8 million for fiscal 2001. The increase reflects both an increase in investment behind the Tia Maria brand as well as an initial roll-out spend of \$13.3 million in the period to launch the Tia Lusso brand.

Net earnings of the Tia Maria Group amounted to \$5.0 million for fiscal 2002 compared with \$11.7 million for fiscal 2001. The decrease in net earnings in fiscal 2002 is attributed to the initial roll-out investment spend behind the Tia Lusso brand.

Cash flow analysis

The Corporation's operating activities contributed \$25.4 million to cash in fiscal 2002 compared with \$24.4 million in fiscal 2001. The increase is a result of the Corporation's continued efforts to streamline operations and maximize efficiencies wherever possible.

The Corporation received a dividend of \$2.2 million from its investment in the Tia Maria Group during fiscal 2002.

Cash flows used in financing and investing activities of \$23 million was primarily for the payment of regular dividends of \$2.00 per share or \$14.1 million. Long-term debt was also reduced to \$8.0 million in fiscal 2002 compared to \$18.0 million in fiscal 2001.

Balance sheet

Working capital was \$60.7 million as at August 31, 2002 compared with \$58.2 million as at August 31, 2001.

The loan from an affiliated company represents a financing debt instrument from Allied Domecq PLC. The loan to an affiliated company represents an investment in the form of an interest bearing debt instrument to Allied Domecq USA, an operating subsidiary of Allied Domecq PLC. The amount due to Allied Domecq PLC is without recourse and is secured by the capital of Allied Domecq PLC.

Outlook

The Corporation will continue to direct targeted and effective advertising and promotion expenditures behind its key core brands in Canada. It is the Corporation's objective to deliver profitable organic growth from core brands through identifying, targeting and executing against all market opportunities.

Investment plans for Tia Lusso, as announced by the Tia Maria Group, call for \$60 million in advertising and promotion spending over the next eighteen months as the brand is rolled out internationally. Spending on Tia Lusso will be financed from the internal operations of the Tia Maria Group. As a consequence, future equity earnings from the Corporation's investment in the Tia Maria Group will be negatively affected to the extent that advertising and promotion spend on Tia Lusso is not offset by gross margins on Tia Lusso sales over the same reporting period.

Operational cash flows are expected to remain strong as the Corporation continues to streamline operations and maximize efficiencies throughout the organization.

**m a n a g e m e n t ' s
a n d a u d i t o r s r e p o r t**

Management's responsibility for consolidated financial statements

The accompanying consolidated financial statements of the Corporation were prepared by management in conformity with accounting principles generally accepted in Canada. The significant accounting policies, which management believes are appropriate for the Corporation, are described in the accompanying "Summary of Significant Accounting Policies." The financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

Management is responsible for the integrity and objectivity of the information contained in the financial statements and the "Management's Discussion and Analysis," including that which is based on estimates and judgements when transactions affecting the current accounting period are dependent upon future events. Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from losses or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board has constituted an Audit Committee of Directors who are not members of management. The Committee meets periodically with management, the internal auditors and the external auditors to receive reports on internal accounting controls and audit results and to review accounting principles and practices. The Committee also reviews the financial statements and the external auditors' report thereon to the shareholders prior to submission to the Board of Directors for approval.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards and applicable laws and maintains proper standards of conduct for its activities.

Auditors' report to the shareholders

We have audited the consolidated balance sheets of Corby Distilleries Limited as at August 31, 2002 and 2001 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants,
Toronto, Canada

**consolidated statements
of earnings**

For the years ended August 31, 2002 and August 31, 2001

(in thousands of dollars, except share amounts)

	2002	2001
Operating revenue		
Sales	\$ 85,091	\$ 85,556
Commissions	16,694	15,653
Gross operating revenue	101,785	101,209
Operating costs		
Cost of sales	38,119	36,101
Marketing, sales and administration	32,057	31,055
Amortization	917	1,155
Total operating costs	71,093	68,311
Earnings from operations		
Equity in net earnings of companies subject to significant influence	2,255	5,211
Interest expense, net	(72)	(1,152)
Earnings before income taxes	32,875	36,957
Income taxes (note 4)	7,741	8,417
Net earnings	\$ 25,134	\$ 28,540
Basic earnings per share (note 11)	\$ 3.57	\$ 4.06
Fully diluted earnings per share (note 11)	\$ 3.56	\$ 4.04

**consolidated statements
of retained earnings**

For the years ended August 31, 2002 and August 31, 2001 (in thousands of dollars)

	2002	2001
Retained earnings – beginning of year	\$ 63,102	\$ 48,629
Net earnings	25,134	28,540
	88,236	77,169
Dividends declared and paid	14,092	14,067
Retained earnings – end of year	\$ 74,144	\$ 63,102

See accompanying notes to consolidated financial statements.

**consolidated cash flow
statements**

For the years ended August 31, 2002 and August 31, 2001 (in thousands of dollars)	2002	2001
Cash flows from (used in) operating activities		
Net earnings	\$ 25,134	\$ 28,540
Items not affecting cash:		
Amortization	917	1,155
Future Income Taxes (note 4)	(43)	(35)
Equity earnings in excess of dividends received	(55)	(5,211)
Employee future benefits	(241)	(696)
Changes in non-cash working capital (note 5)	(282)	677
Cash flows from operating activities	25,430	24,430
Cash flows from (used in) investment activities		
Additions to capital assets	(391)	(984)
Loan to affiliated company	–	(152,500)
Cash flows used in investment activities	(391)	(153,484)
Cash flows from (used in) financing activities		
Dividends paid	(14,092)	(14,067)
Loan from affiliated company	–	152,500
Payment of long-term debt	(10,000)	(13,000)
Proceeds on issuance of capital stock	1,129	370
Cash flows from (used in) financing activities	(22,963)	125,803
Net increase (decrease) in cash equivalents*	2,076	(3,251)
Cash equivalents* beginning of year	(3,293)	(42)
Cash equivalents* end of year	\$ (1,217)	\$ (3,293)

*Cash equivalents comprised of bank indebtedness.

**supplementary cash flow
information**

For the years ended August 31, 2002 and August 31, 2001 (in thousands of dollars)	2002	2001
Income Taxes paid	\$ 7,165	\$ 10,800
Interest paid	\$ 10,887	\$ 11,775
Dividends received	\$ 2,200	\$ –
Interest received	\$ 10,790	\$ 10,531

See accompanying notes to consolidated financial statements.

**consolidated
balance sheets**

As at August 31, 2002 and August 31, 2001 (in thousands of dollars)	Aug 31, 2002	Aug 31, 2001
ASSETS		
Current assets		
Accounts receivable	\$ 24,407	\$ 20,427
Interest receivable from affiliated company	1,330	-
Inventories, net (note 3)	43,657	45,323
Prepaid expenses	1,449	1,902
Future income taxes	244	139
	71,087	67,791
Long-term investments	22,357	20,943
Capital assets (note 7)	5,658	6,184
Loan to affiliated company (note 6)	152,500	152,500
Employee future benefits (note 8)	3,145	2,904
Goodwill, net of accumulated amortization	4,476	4,476
	\$ 259,223	\$ 254,798
LIABILITIES		
Current liabilities		
Bank indebtedness	\$ 1,217	\$ 3,293
Accounts payable and accrued liabilities	6,996	3,921
Interest payable to affiliated company	1,760	-
Income and other taxes payable	434	2,360
	10,407	9,574
Long-term debt (note 9)	8,000	18,000
Loan from affiliated company (note 6)	152,500	152,500
Future income taxes (note 4)	1,840	1,778
	172,747	181,852
SHAREHOLDERS' EQUITY		
Share capital (note 10)	11,755	10,626
Retained earnings	74,144	63,102
Cumulative translation adjustments (note 12)	577	(782)
	86,476	72,946
	\$ 259,223	\$ 254,798

Commitments (note 14)

Contingencies (note 16)

See accompanying notes to consolidated financial statements.

Signed on behalf of the Board

George F. McCarthy
Director

Robert L. Llewellyn
Director

notes to consolidated financial statements

For the years ended August 31, 2002 and August 31, 2001

Note 1. > Summary of significant accounting policies

Corby Distilleries Limited (the "Corporation") accounting policies conform with accounting principles generally accepted in Canada and are summarized below:

Consolidation

The consolidated financial statements include the accounts of all subsidiaries.

Revenue recognition

Sales and commissions are recognized upon shipment of product to the customer.

Foreign currency translation

The foreign companies in which the Corporation has long-term investments are of a self-sustaining nature. Unrealized gains or losses on translation are shown as a separate component in shareholders' equity. These gains or losses are calculated by translating assets and liabilities at the exchange rates in effect at the balance sheet dates and by translating revenues and expenses at the average exchange rates for the years.

The monetary assets and liabilities of the Corporation which are denominated in foreign currencies are translated at exchange rates in effect at the balance sheet dates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized currently in earnings.

Inventories

Inventories are stated at average cost not exceeding net realizable value. They include barreled whiskies which will remain in storage over a period of years, but which are classified as current assets in accordance with the general practice of the distilling industry.

Long-term investments

The Corporation's 45% investment in the Tia Maria Group of companies is accounted for using the equity method. Under this method, the original cost of the shares is adjusted for the Corporation's share of post-acquisition earnings or losses, less dividends.

Capital assets

Buildings and machinery and equipment are carried at cost, less accumulated amortization. Amortization is provided for on the straight-line basis over periods of one to forty years depending on the nature of the asset. One-half rates are applied to assets in the year of acquisition.

Goodwill

Goodwill represents the excess of acquisition costs over amounts assigned to net identifiable assets of companies acquired. Prior to September 1, 2001, the Corporation amortized goodwill on the straight-line basis over periods of twenty-five to forty years.

Effective September 1, 2001 the Corporation adopted a new accounting policy in accordance with the new standards, as set out by the Canadian Institute of Chartered Accountants (the "CICA") in Section 3062 of the CICA Handbook, "Goodwill and Other Intangible Assets" ("Section 3062"). Section 3062 requires the Corporation to

recognize goodwill on its balance sheet at the amount initially recognized, less any write-down for impairment. Under the new standard, goodwill is not amortized. In general, goodwill is to be tested for impairment on an annual basis at the level of reporting referred to as a reporting unit. According to Section 3062, goodwill impairment losses should be recognized when the carrying amount of the goodwill of a reporting unit exceeds the fair value of the goodwill. An impairment test was performed at the date of implementation and no impairment was recognized.

Stock based compensation plans

The Corporation has a stock based compensation plan, which is described in Note 10. No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option canceled is charged to retained earnings.

Employee future benefits

The Corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets. The Corporation has the following policies:

- (a) The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.
- (b) For the purpose of calculating the expected return on plan assets, those assets are valued at fair values.
- (c) Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Earnings per share

In January 2001, the CICA revised Section 3500 of the CICA Handbook, "Earnings Per Share" ("Section 3500"). Section 3500 now requires the presentation of basic earnings per share and diluted earnings per share on the face of the income statement, with equal prominence and regardless of the difference between the two amounts. In the computation of diluted earnings per share, the Corporation is required to use the "treasury stock method". Under the treasury stock method, the denominator used in the computation of basic earnings per share should be increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. In addition, the numerator used in the computation of basic earnings per share should be adjusted for the effects of dilutive convertible securities. When several alternatives exist, diluted earnings per share should be based on the most advantageous conversion rate or exercise price from the standpoint of the holder of the potential common shares.

Effective September 1, 2001, the Corporation retroactively adopted Section 3500, with restatement of the prior year. The method used to calculate diluted earnings per share prior to September 1, 2001 did not have a result materially different to the treasury stock method.

Income Taxes

The Corporation accounts for income taxes under the asset and liability method, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, inventory obsolescence, amortization, asset valuations, employee future benefits, taxes, provisions, and contingencies.

Note 2. > Related party transactions

Hiram Walker & Sons Limited, a wholly owned subsidiary of Allied Domecq PLC, owns in excess of 50% of the issued voting common shares of the Corporation and is thereby considered to be the Corporation's parent. Affiliated companies are those that are also subsidiaries of Allied Domecq PLC. In addition to information provided in Note 6, transactions and balances with parent and affiliated companies includes the following:

Commercial Transactions (in thousands of dollars)			Amount of the transactions	
Nature of transaction	Nature of relationship	Financial statement category	2002	2001
I. The Corporation renders blending and bottling services	Parent company	Sales	\$ 799	\$ 995
II. The Corporation sells certain of its products for resale at an export level	Affiliated companies	Sales	\$ 65	\$ 75
III. The Corporation renders services, as the sole and exclusive representative, for purposes of marketing and sales of beverage alcohol products in Canada	Parent company, companies subject to significant influence, ultimate parent company and affiliated companies	Commissions	\$ 10,664	\$ 9,894
IV. The Corporation sub-contracts virtually all of its distilling, blending, bottling, storing and production activities	Parent company	Cost of sales/Inventories	\$ 13,615	\$ 17,998
V. The Corporation sub-contracts an important portion of its bookkeeping, record keeping services, certain administrative services, related data processing and maintenance of data processing activities	Parent company	Marketing, sales and administration	\$ 2,164	\$ 1,909
VI. The Corporation re-negotiated its agreements for transactions in sections III, IV and V in fiscal 2001. Substantially all of the costs associated with the re-negotiation were allocated to III and IV, described above	Parent company	Marketing, sales and administration	\$ -	\$ 112

These transactions, which are settled the following month, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Transactions in sections III, IV, V, and VI above are covered under the terms of agreements with related parties which will expire on August 31, 2003. These agreements included a non-competition clause whereby the Corporation ceded its rights to sell beverage alcohol in bulk in favour of its parent company.

Balances	2002	2001
As at August 31 (in thousands of dollars)		
Amounts included in Accounts Receivable		
Parent company	\$ 1,330	\$ 2,517
Affiliated companies	5,521	971
	\$ 6,851	\$ 3,488
Amounts included in Accounts Payable and Accrued Liabilities		
Parent company	\$ 2,194	\$ 2,951
Affiliated companies	–	1,648
	\$ 2,194	\$ 4,599

Note 3. > Inventories-net

As at August 31 (in thousands of dollars)	2002	2001
Raw materials	\$ 2,510	\$ 3,721
Work-in-progress	\$ 27,600	\$ 32,410
Finished goods	13,547	9,192
Inventories-net*	\$ 43,657	\$ 45,323

* Net of inventory provisions of \$1,659 and \$62 as at August 31, 2002 and 2001, respectively

Note 4. > Income taxes

For the years ended August 31 (in thousands of dollars)	2002	2001
Current	\$ 7,784	\$ 8,452
Future	(43)	(35)
	\$ 7,741	\$ 8,417

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

For the years ended August 31 (in thousands of dollars)	2002	2001
Future tax assets		
Accounts payable and accrued liabilities		
Employee future benefits	\$ 244	\$ 139
Capital assets	\$ 244	\$ 139
Future tax liabilities		
Employee future benefits	\$ (1,496)	\$ (1,360)
Capital assets	(344)	(418)
	\$ (1,840)	\$ (1,778)

The effective tax rate of 23% for the year ended August 31, 2002 and 23% for the year ended August 31, 2001 differ from the basic Federal and Provincial rates due to the following:

For the years ended August 31	2002	2001
Combined basic Federal and Provincial tax rates	40%	42%
Equity in net earnings of companies subject to significant influence	(3%)	(6%)
Income not subject to tax	(13%)	(12%)
Reduction in corporate income tax rates	—	(1%)
Other	(1%)	—
	23%	23%

Note 5. > Changes in non-cash working capital

For the years ended August 31 (in thousands of dollars)	2002	2001
(Increase) decrease in		
Accounts receivable	\$ (5,310)	\$ 213
Inventories	1,666	(2,186)
Prepaid expenses	453	286
Increase (decrease) in		
Accounts payable and accrued liabilities	4,835	14
Income and other taxes payable	(1,926)	2,350
(Increase) decrease in non-cash working capital	\$ (282)	\$ 677

Note 6. > Loan to/from affiliated company

The loan from an affiliated company represents a debt instrument from Allied Domecq PLC. The loan to an affiliated company represents an investment in the form of an interest bearing debt instrument to Allied Domecq USA, an operating subsidiary of Allied Domecq PLC.

The amount due to affiliated company bears interest at 7.66%, matures in fiscal 2006, is without recourse and is secured by the capital of Allied Domecq USA. Interest expense for the year was \$11,647,000.

The amount due from affiliated company bears interest at 7.91% and matures in fiscal 2006. Income for the year was \$11,998,000.

Note 7. > Capital assets

	As at August 31 (in thousands of dollars)		2002		2001	
	Cost	Accumulated amortization	Net book value		Accumulated amortization	Net book value
			Cost	Amortization	Value	
Land	\$ 638	\$ —	\$ 638	\$ 638	\$ —	\$ 638
Buildings	5,621	3,752	1,869	5,561	3,644	1,917
Machinery and equipment	11,044	7,893	3,151	10,713	7,084	3,629
	\$ 17,303	\$ 11,645	\$ 5,658	\$ 16,912	\$ 10,728	\$ 6,184

Note 8. > Employee future benefits

The Corporation has three defined benefit plans for executives and salaried employees. Benefits under these plans are based on years of service and compensation levels.

	Pension benefit plan salaried and executive	Pension benefit plan SERP	Other benefit plan	Total future benefit plan
Benefit obligation				
Balance - 09/01/01	\$ 31,981	\$ 4,445	\$ 7,918	\$ 44,344
Current service cost	765	204	178	1,147
Past service cost	—	—	—	—
Interest cost	2,039	289	504	2,832
Plan amendments	530	—	—	530
Employee contributions	97	—	—	97
Benefits paid	(2,890)	(651)	(684)	(4,225)
Actuarial loss (gain)	(1,104)	(170)	93	(1,181)
Balance - 08/31/02	\$ 31,418	\$ 4,117	\$ 8,009	\$ 43,544
Fair value of plan assets				
Balance - 09/01/01	\$ 41,897	\$ 1,707	\$ —	\$ 43,604
Actual return on plan assets	(3,790)	(174)	—	(3,964)
Employer contributions	—	651	—	651
Employee contributions	97	—	—	97
Benefits paid	(2,890)	(651)	—	(3,541)
Actual plan expenses	(683)	—	—	(683)
Balance - 08/31/02	\$ 34,631	\$ 1,533	\$ —	\$ 36,164
Funded status: surplus (deficit)				
Unrecognized net transition obligation (asset)	\$ 3,213	\$ (2,584)	\$ (8,009)	\$ (7,380)
Unamortized past service cost	(4,620)	208	6,436	2,024
Unamortized net actuarial loss	831	44	—	875
Accrued benefit asset (liability)	6,441	613	572	7,626
Accrued benefit asset (liability)	\$ 5,865	\$ (1,719)	\$ (1,001)	\$ 3,145
Other information				
(Income)/expense recognized in current year	\$ 615	\$ 440	\$ 682	\$ 1,737
Amortization of transitional obligation (asset)	(349)	16	403	70
Amortization of past service costs	52	2	—	54
Amortization of actuarial loss (gain)	(103)	30	11	144
Discount rate (beginning)	6.50%	6.50%	6.50%	6.50%
Discount rate (ending)	6.75%	6.75%	6.75%	6.75%
Rate of compensation increase (beginning)	4.50%	4.50%	4.50%	4.50%
Rate of compensation increase (ending)	4.00%	4.00%	4.00%	4.00%
Expected rate of return on plan assets	8.00%	8.00%	—	8.00%

The assumed average health care cost trend rate at August 31, 2002 was 7.8%, decreasing to 4.2% over the next seven years.

Note 8. > Employee future benefits (continued)

	Pension benefit plan salaried and executive	Pension benefit plan SERP	Other benefit plan	Total future benefit plan
Benefit obligation				
Balance - 09/01/00	\$ 31,388	\$ 3,964	\$ 7,686	\$ 43,038
Current service cost	616	183	158	957
Past service cost	—	—	—	—
Interest cost	2,042	268	508	2,818
Plan amendments	—	48	—	48
Employee contributions	102	—	—	102
Benefits paid	(2,887)	(168)	(646)	(3,701)
Actuarial loss	720	150	212	1,082
Balance - 08/31/01	\$ 31,981	\$ 4,445	\$ 7,918	\$ 44,344
Fair value of plan assets				
Balance - 09/01/00	\$ 49,932	\$ 2,380	\$ —	\$ 52,312
Actual return on plan assets	(4,824)	(673)	—	(5,497)
Employer contributions	—	168	—	168
Employee contributions	102	—	—	102
Benefits paid	(2,887)	(168)	—	(3,055)
Actual plan expenses	(426)	—	—	(426)
Balance - 08/31/01	\$ 41,897	\$ 1,707	\$ —	\$ 43,604
Funded status: surplus (deficit)				
Unrecognized net transition obligation (asset)	\$ 9,916	\$ (2,738)	\$ (7,918)	\$ (740)
Unamortized past service cost	(4,969)	224	6,839	2,094
Unamortized net actuarial loss	351	46	—	397
Accrued benefit asset (liability)	354	587	212	1,153
Accrued benefit asset (liability)	\$ 5,652	\$ (1,881)	\$ (867)	\$ 2,904
Other information				
(Income)/expense recognized in current year	\$ (1,013)	\$ 289	\$ 700	\$ (24)
Amortization of transitional obligation (asset)	(175)	44	368	237
Amortization of past service costs	22	2	—	24
Amortization of actuarial loss (gain)	(537)	(6)	—	(543)
Discount rate (beginning)	6.75%	6.75%	6.75%	6.75%
Discount rate (ending)	6.50%	6.50%	6.50%	6.50%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%
Expected rate of return on plan assets	8.00%	8.00%	—	8.00%

The assumed average health care cost trend rate at August 31, 2001 was 6.2%, decreasing to 4.5% over the next five years.

Note 9. > Long-term debt

As at August 31 (in thousands of dollars)	2002	2001
Bankers' acceptance, interest rate of 3.0% (August 2001 - 4.0%)	\$ 8,000	\$ 18,000

Bankers' acceptance are borrowings under a committed revolving bank credit facility that provides the Corporation the right to borrow up to \$50 million at the bankers' acceptance floating rates repayable in full on March 20, 2005. Interest expense on long-term debt for the year was \$415,000 (2001 - \$1,548,000).

Note 10. > Share capital

As at August 31 (in thousands of dollars, except number of shares)	2002	2001
Number of Shares Authorized:		
Voting Class A Common Shares - no par value	Unlimited	Unlimited
Non-voting Class B Common Shares - no par value	Unlimited	Unlimited
Number of Shares Issued and Fully Paid:		
Voting Class A Common Shares	6,068,580	6,068,580
Non-voting Class B Common Shares - beginning of year	966,571	953,721
Non-voting Class B Common Shares - issued during the year	31,501	12,850
Non-voting Class B Common Shares - end of year	998,072	966,571
	7,066,652	7,035,151
	\$ 11,755	\$ 10,626

In prior years, the Corporation established a Non-voting Class B Common Share Option Plan and set aside 200,000 Non-voting Class B Common Shares. Through the Share Option Plan, options were granted to officers and employees for the purchase of Non-voting Class B Common Shares. Options were granted at prices equal to the closing market value on the last trading day prior to the grant and are exercisable from six to nine years from the date of vesting. Options vest from one to four years after the grant date. The issuance of all the reserved shares under the Plan would not have a material dilutive effect on the Corporation's earnings per share. During the year, 31,501 options were exercised for total proceeds of approximately \$1,129,000.

A summary of the status of the stock option plan and changes during the year is presented below:

As at August 31	Weighted average		Weighted average	
	Options 2002	exercise price 2002	Options 2001	exercise price 2001
Outstanding, beginning of year	102,300	\$ 46.11	81,425	\$ 41.29
Granted	-	-	48,650	49.75
Exercised through the purchase option	(31,501)	35.85	(12,850)	28.82
Cancelled	(16,774)	49.04	(14,925)	49.99
Outstanding, end of year	54,025	\$ 51.19	102,300	\$ 46.11

	Number outstanding 2002	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable 2002	Weighted average exercise price
As at August 31					
Range of Exercise Prices					
\$27.39 - \$46.39	15,500	6.7	\$ 44.59	10,950	\$ 43.90
\$49.75 - \$67.00	38,525	8.7	\$ 52.69	12,919	\$ 56.33

Note 11. > Earnings per share

The following table sets forth the computation of basic and fully diluted earnings per share:

As at August 31 (in thousands of dollars, except share amounts)	2002	2001
Numerator:		
Net income	\$ 25,134	\$ 28,540
Denominator:		
Denominator for basic earnings per share - weighted average shares outstanding	7,046,382	7,033,620
Effect of dilutive potential common shares	15,188	26,379
Denominator for diluted earnings per share	7,061,570	7,059,999

Note 12. > Cumulative translation adjustments

For investments in self-sustaining operations, cumulative translation adjustments represent the unrealized gain or loss on the Corporation's net investment in foreign companies. These valuation adjustments are recognized in earnings only when there is a reduction in the Corporation's investment in the respective foreign companies.

As at August 31 (in thousands of dollars)	2002	2001
Balance - beginning of year	\$ (782)	\$ (1,570)
Translation adjustment of long-term investments	1,359	788
Balance - end of year	\$ 577	\$ (782)

Note 13. > Financial instruments**Credit risk**

The Corporation's accounts receivable are substantially with Provincial liquor boards which virtually eliminates credit risk.

Fair values

The financial instruments used by the Corporation are limited to short-term financial assets and liabilities, long-term debt and loans to/from affiliates. Short-term financial assets are comprised of accounts receivable. Short-term financial liabilities are comprised of bank indebtedness, accounts payable and accrued liabilities. The carrying amounts of these short-term assets and liabilities are a reasonable estimate of the fair values, given the short-term maturity of those instruments. Long-term debt is comprised of bankers' acceptance, the carrying values of which approximate their fair values since they bear interest at a current interest rate. The loans to/from affiliates are carried at values that approximate fair values, since they bear interest rates consistent with similar securities.

Note 14. > Commitments

Future minimum payments under operating leases and contractual commitments for premises and equipment for the next five years and thereafter are as follows:

As at August 31 (in thousands of dollars)	2002
2003	1,013
2004	976
2005	824
2006	704
2007	529
Thereafter	492
	\$ 4,538

Note 15. > Segmented information

The Corporation's activities are comprised of the production of spirits, along with the distribution of spirits, imported wines and liqueurs. In fiscal 2002 commissions from the distribution of imported wines accounted for 5.9% of gross operating revenue (fiscal 2001 – 5.7%).

For the year ended August 31, 2002 and the year ended August 31, 2001, the Corporation's gross revenue and identifiable assets are all attributable to its domestic Canadian operations. Export sales account for less than 10% of gross operating revenue. The Corporation's equity in net earnings of companies subject to significant influence is derived principally from European based operations.

In fiscal 2002, sales to three major customers accounted for 38%, 16% and 13%, respectively, of gross operating revenue (fiscal 2001 - 39%, 16% and 12%).

Note 16. > Contingencies

The Corporation is contingently liable with respect to pending litigation and claims arising in the normal course of business. Although the ultimate outcome of these matters is not presently determinable, at this point in time management believes that the resolution of all such pending matters will not have a material adverse effect on the Corporation's financial position or results of operations.

Note 17. > Comparative figures

Certain 2001 figures have been reclassified to conform to the financial statement presentation adopted in 2002.

ten year review

	Year ended August 31								Six months ended August 31		Year ended February 28/29	
	2002	2001	2000	1999	1998	1997	1996	1995	1995*	1994*	1993	
Results (in millions of dollars)												
Gross operating revenue	101.8	101.2	93.4	101.1	97.2	92.1	84.5	40.6	88.4	93.4	99.5	
Earnings from operations	30.7	32.9	29.1	30.1	30.1	32.4	30.4	12.5	33.4	35.6	42.4	
Earnings before extraordinary item excluding after-tax restructuring costs	25.1	28.5	21.2	25.7	30.5	29.2	26.7	12.4	28.4	32.4	34.7	
Net earnings	25.1	28.5	20.4	22.8	27.8	28.5	26.7	12.4	28.6	30.0	34.7	
Cash provided from operations	25.4	24.4	24.1	17.2	32.0	21.3	22.4	14.0	22.3	17.6	37.5	
Year-end position (in millions of dollars)												
Working capital	60.7	58.2	62.2	64.0	62.8	92.1	90.4	79.8	62.8	49.2	146.9	
Total assets	259.2	254.8	94.2	107.4	101.7	161.9	144.1	120.8	115.5	209.5	191.4	
Long-term debt	8.0	18.0	31.0	39.0	43.0	—	—	—	—	—	—	
Shareholders' equity	86.5	72.9	57.3	53.1	44.8	144.6	128.7	109.9	104.1	81.4	173.3	
Per common share (in dollars)												
Net earnings before extraordinary item excluding after-tax restructuring costs	3.57	4.06	3.02	3.67	4.37	4.16	3.77	1.75	4.02	4.62	4.94	
Net earnings	3.57	4.06	2.91	3.25	3.98	4.06	3.77	1.75	4.05	4.27	4.94	
Cash provided from operations	3.61	3.46	3.43	2.45	4.59	3.03	3.17	1.98	3.16	2.50	5.33	
Shareholders' equity	12.24	10.37	8.16	7.58	6.41	20.76	18.20	15.56	14.76	11.54	24.67	
Special dividend paid	—	—	—	—	16.50	—	—	—	—	16.50	—	
Dividends paid	2.00	2.00	2.00	2.00	1.70	1.28	1.24	0.62	1.15	1.12	1.07	
Market value per common share												
High	61.95	67.50	84.00	88.00	76.50	58.00	46.00	38.00	40.00	58.13	54.00	
Low	53.00	45.10	44.50	67.00	54.75	40.75	37.75	31.50	33.00	37.13	42.00	
Close at end of year	57.05	64.05	49.80	70.00	73.00	55.00	43.00	37.75	33.75	37.13	48.25	
Other statistics												
Working capital ratio	6.8	7.1	16.7	5.3	6.1	7.1	7.8	9.7	7.3	1.4	9.2	
Pre-tax return on average capital employed	34.8	40.4	34.9	38.6	34.3	31.6	33.6	44.8	45.8	38.0	35.4	
Earnings from operations as a % of gross revenue	30.2	32.5	31.2	29.8	31.0	35.2	36.0	30.7	37.8	38.1	42.6	
Return on average shareholders' equity	31.5	43.8	37.0	46.5	29.3	20.9	22.3	30.3	30.8	23.6	21.6	
Number of shareholders	785	813	855	891	933	985	1,068	1,136	1,174	1,192	1,308	
Number of shares outstanding ('000's)	7,067	7,035	7,020	7,006	6,989	6,966	7,071	7,060	7,058	7,057	7,024	
Average number of employees	130	133	150	156	155	164	148	154	153	170	173	
Segmented information (in millions of dollars)												
Gross operating revenue from Canadian operation	101.8	101.2	93.4	101.1	97.2	92.1	84.5	40.6	88.4	93.4	99.5	
Pre-tax earnings from Canadian operations	30.7	32.9	29.1	30.1	30.0	34.2	33.3	15.0	35.4	44.3	51.7	
Net earnings before extraordinary item: Canadian operations	22.8	23.3	15.4	15.8	20.9	19.3	19.2	8.8	20.8	25.6	29.4	
Foreign operations	2.3	5.2	5.0	7.0	6.9	9.2	7.5	3.6	7.8	4.4	5.3	

* Restated

d i r e c t o r s a n d o f f i c e r s & g e n e r a l i n f o r m a t i o n

Directors

John Nicodemo
Chief Financial Officer,
Vice President, Finance
& Corporate Secretary
(Year Elected 2000)

Patricia Nielsen
C.E.O Maxxam
Toronto, Ontario
(Year Elected 2000)

John A. Giffen
Company Director
Windsor, Ontario
(Year Elected 1980)

Robert L. Llewellyn
Company Director
Toronto, Ontario
(Year Elected 1999)

Harold V. Gorman
Senior Vice President
and General Counsel
Allied Domecq Spirits
& Wine, N.A.
(Year Elected 2000)

Garth M. Girvan
Partner, McCarthy Tétrault
Barristers and Solicitors
Toronto, Ontario
(Year Elected 1998)

George F. McCarthy
Chairman of the Board
of the Corporation
(Year Elected 1993)

Krystyna T. Hoeg
President and
Chief Executive Officer
of the Corporation
(Year Elected 1996)

Mary Thomas
Senior Vice President
Human Resources, N.A.
Allied Domecq
Spirits & Wine, N.A.
(Year Elected 2000)

Officers

George F. McCarthy
Chairman of the Board

Krystyna T. Hoeg
President and
Chief Executive Officer

John Nicodemo
Chief Financial Officer,
Vice President, Finance
& Corporate Secretary

Andrew Alexander
Vice President, Sales

Michael Minchin
Vice President, Marketing

Howard Kirke
Vice President
International Markets

Board Committees

Executive Committee
George F. McCarthy
Chairperson

John A. Giffen
Garth M. Girvan
Krystyna T. Hoeg

Retirement Board
Committee
Krystyna T. Hoeg
Chairperson

Robert L. Llewellyn
John Nicodemo

Audit Committee
Robert L. Llewellyn
Chairperson

John A. Giffen
Garth M. Girvan
Harold V. Gorman

Management Resources

Committee
Patricia Nielsen
Chairperson

Robert L. Llewellyn
Mary Thomas

Independent Committee

Robert L. Llewellyn
Chairperson

John A. Giffen
Garth M. Girvan
George F. McCarthy
Patricia Nielsen

Corporate Governance & Nominating Committee

Garth M. Girvan
Chairperson

John A. Giffen
John Nicodemo

General Information

Transfer Agent
and Registrar
Computershare Trust
Company of Canada

Auditors
KPMG LLP

Bankers
Toronto Dominion Bank
Bank of Montreal

Solicitors
McCarthy Tétrault LLP

Annual & General Meeting

of Shareholders
Wednesday, January 22, 2003
at 11 o'clock in the forenoon,
Arcadian Court, Hudson's Bay
Company (Simpson's Tower)
401 Bay Street, 8th Floor
Toronto, Ontario

Offices

Executive Office
193 Yonge Street
Toronto, Ontario M5B 1M8
Tel: 416.369.1859

Registered Office
193 Yonge Street,
Toronto, Ontario
Canada M5B 1M8

Distillery
950 chemin des Moulins,
Montréal, Québec H3C 3W5
Tel: 514.878.4611

Sales Offices
193 Yonge Street,
Toronto, Ontario M5B 1M8
Tel: 416.369.1859

950 chemin des Moulins,
Montréal, Québec H3C 3W5
Tel: 514.871.9090

10709 – 181st Street,
Edmonton, Alberta T5S 1N3
Tel: 403.481.9107

Unit 2168, 13353 Commerce
Parkway, Richmond,
British Columbia V6V 3A1
Tel: 604.276.8121

Corby thanks all our people

what's their drink?

SHAYNE ACKERL Courvoisier VSOP & Ginger	ANDREW ALEXANDER Beefeater Martini	DAVID BARWISE Lamb's Amber Rum.	DEBBIE BEACH Polar Ice Vodka Martini	NATHALIE BEAUDIN Malibu Rum and Orange	SYLVIE BEAUDIN Polar Ice Bloody Caesar	RYAN BIEBER Canadian Club Manhattan
JASON BLACK Polar Ice Bloody Caesar	BRUNO BLAIN Courvoisier VSOP	STEPHANE BLOUIN Beefeater Gin & Tonic	SEBASTIEN BOISCLAIR Malibu and Pineapple	LARRY BOISMENU Pike Creek	ILDICO BOOTH Polar Ice and Orange	TIM BORGHESE Wiser's and Ginger Ale
MARIA BORIS Polar Ice and Orange	HELEN BOUGHTON Beefeater Gin & Tonic	JACKIE BRENKEL Polar Ice Martini	ANDREA BRIDGE Wiser's and Coke	DANIEL BRISEBOIS Courvoisier VSOP	DARYN BROWN Wiser's De Luxe on the rocks	SEBASTIEN BRUNEAU Courvoisier VSOP
IAN BUCHANAN Sauza and Cranberry	JUDY BULL Malibu and O.J.	ROBERT CARRIERE Wiser's De Luxe and water	MARC CASTONGUAY Polar Ice Bloody Caesar	BERNARDINO CECCUCI Lamb's Amber Rum	FARREL CHOW (PIV & Crème de Cacao)	MARLENE CLOUTIER Maker's Mark Manhattan
JAMES COOTE C.C. & G	CAROL COPE Folonari Pinot Grigio	ANDREW CORCORAN Rye & Coke	BEVERLEY CRAIG Lamb's Palm Breeze & Coke	GERRY CRISTIANO Maker's Mark Manhattan	MARK CRUIKSHANK C.C. and Coke	KRISTINA CSEH Lamb's Banana Daiquiri
ROY DACOSTA Sauza Tequila Caesar	LORRAINE DALEY Polar Ice and Orange	JODY DAVIS Kahlua Quickie (Chocolate milk, Kahlua and ice)	LORRAINE DAWSON Polar Ice Breeze Martini	JOSEE DELORME Lamb's Rum and Coke	ERIC DENIS Polar Ice and Orange	KIRSTEN DEVITT Wiser's De Luxe
PETER DIBELLA Wiser's Special Blend	GUS DICESARE Polar Ice Martini	PETER DIMUKAS Canadian Club Reserve and Coke with a lime	RICK DMYTRYSHYN C.C. & G	SEBASTIEN DULAC Keg Caesar	MARTIN DUQUETTE Keg Caesar	DAVID ESTEPHAN Wiser's and Ginger Ale with a twist of lime
MATTHEW FINDEN Lamb's Palm Breeze & Coke with a twist of lime	NICOLAS FIORAMORE Pike Creek	SCOTT FORREST Cuba Libre	BENOIT FORTIN C.C. & G	MATHIEU FORTIN Polar Ice Martini	MICHEL FORTIN Amaroosa Del Amorosa	CLAUDE FOUREAU Polar Ice Martini
ANNIE FOURNIER (with Mcg triple sec)	LOUISE GABOURY Polar Ice Martini	MARIZULL GANZA Polar Ice and Orange	SUNIL GANDHI Polar Ice Vodka & Seven	SILVANA GIARDINO Maker's Mark Manhattan	ROBERT GIRARD DK Rum with pineapple and grapefruit juice	SEBASTIEN GIROUX Beefeater Dry Martini
JANICE GRANT Malibu with pineapple and orange juice	JOHN GRANT Malibu with pineapple and orange juice	STEFANIE GRETSINGER Maker's Mark on ice with a splash of water	STEPHANE GUIGNARD Malibu with pineapple and orange juice	KEN GUSTAFSON Beefeater Gin with soda, twist of lime	JAY GYUG Wiser's Oldest on the rocks	RAYMOND HAJAR C.C. & G
WILLIAM HAMILTON Keg Caesar	KEVIN HANSON Wiser's Oldest on the rocks	JEFF HILDHAL Drambuie on the rocks	KENNETH HINDS Beefeater Martini on the rocks	KRYSTYNA HOEG Wiser's perfect Manhattan, straight-up, twist.	RICHARD HOLLIHAN Black Sheep Lamb's Palm Breeze Martini with a black olive)	RYLAN HOPF Polar Ice
NIKOLAS HOUTHOOFD Wiser's De Luxe	REMY HOUTHOOFD Wiser's Special Blend	STEVE HUMENIUK Malibu Rum and Orange	ROBERT HUPKA Polar Ice, water and a slice of lemon	GERRY HURREL Sour Puss Apple	MICHELE HUTCHINSON-HARRIS Sweet Tart Martini (Sour Puss Raspberry, Polar Ice Vodka, splash of Cranberry Juice)	RON JUDSON Malibu Rum and Orange
RICK KACZMAREK Keg Caesar	BRUCE KAHAN Beefeater and Club Soda, splash of lime	HULYA KESEBI Keg Caesar	HOWARD KIRKE Wiser's Very Old Perfect Manhattan	MARC LABONTE Polar Ice Bloody Caesar	FRANCOIS LACHAPELLE Polar Ice and Orange	DALE LARSEN Polar Ice and club soda with a splash of orange juice - stirred

for making 2002 such a successful year

REGENT LAUZON Polar Ice Martini	FRANKLIN LAVERTY Malibu and orange juice	MINH LE CONG Courvoisier XO	RODRIGUE LEBEL Malibu and Coke	CYNTHIA LEFEBVRE Polar Ice and Orange	DIANE LEGARE Polar Ice with orange juice	RICHARD LEGAULT Malibu and Coke
HUBERT LEMAY Brazilian Coffee (Café Royal; Orange & Brandy)	DEBORAH LENNIE Stoli Raz and Orange	TONY LEO Sour Puss Tangerine	PATRICE LIMOGES De Kuyper Gin	SAMARIE LUMSDEN Stoli Martini	BENOIT LUSSIER Wiser's De Luxe	ANDREW MACDONALD Polar Ice Hard Cocktail (P, Sour Puss Orange and Sprite)
SUSAN MACKAY Polar Ice Martini	CAROLYN MACLEOD Stoli Raz, water and cranberry with a squeeze of lemon	ROBERT MAILLE Polar Ice Martini	JEAN-FRANCOIS MALLETE Malibu and Coke	ERIC MARCIL Polar Ice Bloody Caesar	STEPHANIE MARCOUX Polar Ice & Tonic with a twist of lemon	FElix MARTIN Malibu and Pineapple
MICHELLE MARTIN CV Rouge	MINI MATHEWS Malibu and orange juice	GEORGE McFARLANE Wiser's De Luxe & Ginger	CAROL MCKENZIE Malibu and Pineapple	DAVID McKEON Polar Ice and Soda with a twist of lime	MIKE McNULTY Canadian Club	MICHAEL MCPHAIL Lamb's Pal Breeze and 7-Up with lime
TRACI-LYNN MENDEZ LIMAS Folonari Verdiccio	ANASTASIA MICHELIS Canadian Club and Ginger	MICHAEL MINCHIN III Laphroaig with two ice cubes	DIANA MINNELLA Sutter Home	ISMAT MIRZA Sutter Home	FARZANAH MOHAMED Chocolate Martini	JEAN-CLAUDE MOREAU Polar Ice Martini
ABDEL MURAD Courvoisier VSOP	JANELLE NEUFELD Beefeater Caesar	JOHN NICODEMO Canadian Club & Ginger Ale	CONNIE ORGAN Polar Ice "Code Red" Martini (Polar Ice, Sour Puss Raspberry and cranberry juice)	MARC PAQUET Beefeater Caesar	TRACY PATTERSON Malibu Rum, and Orange	ANDREW PAUL Beefeater Caesar
JOEL PETERSON Black Russian (Kahlua and Polar Ice)	MARC-ANTHINE PHANEUF Malibu Rum and Orange	MICHEL PHANEUF Ballantine Scotch	ANDREW PHILIP Wiser's De Luxe and ginger ale with lime	MIRKO PIDHIRSKY Mirko Martini (Pl, McG Melon, Crème de Banana, Malibu and Orange juice)	GARTH PIEPER Polar Ice Cosmopolitan	MYRON PODLOSKI Wiser's De Luxe & Ginger Ale
DOMINIC POIRIER Malibu Rum and Orange	GERMAIN POIRIER Beefeater Caesar	KATHARINE PRICE Cosmopolitan	BENOIT PRONOVOOST Folonari Verdiccio	SERGE PRONOVOOST Polar Ice Cosmopolitan	JAMES QUIGG Stoli Raz with a splash of raspberry water	JEFFERY RAINIE Polar Breeze
LAVERN RALLIFORD Folonari Verdiccio	NAPIER RATHBUN Canadian Seabreeze (Canadian Club, ginger, pineapple juice and grenadine with slice of lime)	TRACY REDMOND Folonari Verdiccio	JERRY REID Malibu Rum and Orange	JAKOB RIPSTEIN Beefeater Martini straight up with 3 olives	WILLIAM ROBBINS Stoli Vanilla & Diet Coke	ELISE ROBITAILLE Beefeater Caesar
JANICE ROBSON Toasted Almond (Kahlua, Amaretto and milk on ice topped with marachino cherries)	CHRIS ROUSSELLE Malibu Rum and Orange	CARLO RUGGERO Maker's Mark Manhattan	VALERIE SENGER Canadian Club press with a squeeze of lemon	FIORENTINO SIMBOLI Meaghers Café Latte Royal	DEREK SMALL Stoli Vanil and Ginger Ale, squeeze of lime	DAVID SMITH Maker's Mark Manhattan
IAN SPARKS Beefeater & Tonic with lime	MONIQUE ST. PIERRE Malibu Rum and Orange	WILLIAM STEFANUK Beefeater Caesar	ALAN SULLIVAN Polar Ice Caesar	CRAIG SWIM Maker's Mark Manhattan	JANICE SYKES Polar Ice Old Fashioned Martini with a twist	LIZ TAYLOR Malibu Rum and Orange
DENIS TRAHAN Maker's Mark Manhattan	WILLIAM UNDERHILL Beefeater Caesar	JULIE VAILLANCOURT Maker's Mark Manhattan	NICOLE VAILLANCOURT Malibu Rum and Orange	NATHALIE VILLEMAIRE Polar Ice Cosmopolitan	PIERINO VITTORI Canadian Club Manhattan	ROBERT VUKIC Polar Ice Vodka Paralyzer
DAVID WARNER Courvoisier & Tonic	EWAN WEBSTER Malibu Rum and Orange	LARRY WILLARD Maker's Mark Manhattan	SHILA WOLF Polar Ice Cosmopolitan	WINSTON WORTMAN Lamb's Palm Breeze & Diet Coke		

CORBY

